GVRD
DEVELOPMENT
SERVICES

OCTOBER 1986

Commercial Centres in the Greater Vancouver Regional District

Prospects for 1986 - 1996

COMMERCIAL CENTRES IN THE GREATER VANCOUVER REGIONAL DISTRICT

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October 1986

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1.0 INTRODUCTION

This discussion paper has been prepared for the workshop on October 17, 1986 regarding regional centres and commercial development trends.

The paper provides a review of the current status of regional town centres and a look at some of the commercial development trends likely to influence the planning and growth of these centres during the next decade.

The emphasis is on identifying issues or choices likely to be faced by local governments as they try to manage commercial development to achieve particular land use or urban design objectives in commercial centres.

2.0 REGIONAL TOWN CENTRES: A BRIEF STATUS CHECK

The objectives for regional town centres have been expressed in various ways, including targets for floorspace, mix of floorspace, and character. In very simple terms, the goal has been to create centres with: the critical mass necessary to be natural magnets for development; a mix of office and retail floorspace; and a "downtown-like" character as opposed to a "shopping centre" character.

Table 1 shows the distribution of commercial floorspace in the GVRD and Table 2 shows the relative prominence of the six town centres in their respective subregions. This data can be used to make a preliminary evaluation of whether the town centres are living up to expectations.

Table 1 shows that:

- Downtown Vancouver still dominates the commercial landscape, but more as an office centre than a retail centre.

- the six regional town centres combined contain as much retail space and twice as much office space as the 16 other major commercial centres in the region.

- a high proportion of commercial floorspace is scattered.

The implication is that, as a group, regional town centres are significant business and shopping nodes, but that substantial shares of floorspace are still "centralized" in the central business district or "decentralized" to serve local areas.

Table 1 also shows that the Whalley/Guildford and Coquitlam Town Centres are functioning more as shopping centres than as office or business centres, in comparison with the other four town centres.

Table 2 shows that the individual town centres vary considerably in terms of their relative prominence as shopping and business centres in their respective "trade areas". While this is a simplistic comparison, it does indicate that the Coquitlam and Surrey

TABLE 1: DISTRIBUTION OF COMMERCIAL FLOORSPACE IN GVRD, 1985

	Share of Retail and Service Floorspace	Share of Office Floorspace
Downtown Vancouver	20.7%	43.5%
Broadway Corridor	3.1%	5.6%
Metrotown	1.6%	2.2%
Downtown New Westminster	1.8%	1.8%
Whalley/Guildford	5.1%	0.9%
Richmond Town Centre	4.0%	2.5%
Coquitlam Town Centre	2.1%	0.1%
Lonsdale (Quay and Corridor)	1.0%	1.8%
Subtotal of 6 Town Centres	15.6%	9.3%
Other significant centres(1)	15.5%	4.6%
All other commercial locations	45.1%	37.1%
TOTAL GVRD	100.0%(2)	100.0%(2)

SOURCE: GVRD Development Services,
Commercial/Industrial Floorspace Inventory

NOTES:

(1) Includes Oakridge, Park Royal, Lougheed Mall, Brentwood Mall, Burquitlam, Austin Road (Coquitlam), Marine Drive Corridor, Newton, Scott Road, Cloverdale, Ladner, Tsawwassen, Bridgeport, and the downtowns of Port Coquitlam, Port Moody and White Rock.

(2) May not add to 100% due to rounding.

TABLE 2: PROMINENCE OF REGIONAL TOWN CENTRES WITHIN THEIR SUB-REGIONS, 1985

	Share of Retail Floorspace	Share of Office Floorspace
Metrotown	20%	21%
Rest of Burnaby	80%	79%
Total	100%	100%
Downtown New Westminster	39%	53%
Rest of New Westminster	61%	47%
Total	100%	100%
Richmond Town Centre	60%	30%
Rest of Richmond	40%	70%
Total	100%	100%
Coquitlam	30%	3%
Rest of Coquitlam, Port Coquitlam, Port Moody	70%	97%
Total	100%	100%
Lonsdale	13%	48%
Rest of North Vancouver City and District	87%	52%
Total	100%	100%
Whalley/Guildford	44%	17%
Rest of Surrey	56%	83%
Total	100%	100%

SOURCE: GVRD Development Services, Commercial/Industrial Floorspace Inventory

town centres are mainly retail centres, Lonsdale is mainly an office centre, and Metrotown, New Westminster and Richmond have a more balanced role (although Richmond has a relatively high share of its total retail space in the Town Centre). These differences in mix have an effect on urban character. In some respects, New Westminster and Lonsdale are the most "downtown-like" centres, Coquitlam and Surrey are the most "shopping centre-like", and Metrotown and Richmond have elements of both (some high-rise development and pedestrian-oriented development co-existing with low density, auto-oriented development).

Taken together, these indicators support the following conclusions:

1. the regional town centres are achieving many of the objectives set for them.

2. the town centres occupy a logical niche between the central business district and local and strip commercial development.

3.0 PROSPECTS FOR GROWTH 1986 - 1996

This section includes a brief review of recent trends (1980 - 1985) and some preliminary forecasts for 1986 to 1996.

3.1 TRENDS DURING 1980 TO 1985

Table 3 shows population and commercial floorspace trends in the GVRD during 1980 to 1985.

The key points to note are that:

- in all areas, floorspace has been growing at a much higher rate than population. This is a continuation of a trend that has been evident since the 1970s.

- Vancouver's share of floorspace is slowly declining, as its share of regional population declines, but its total inventory is still growing rapidly.

- the municipalities without town centres have achieved floorspace growth rates that are more rapid than in the municipalities with town centres, but the municipalities with town centres are capturing a significantly higher share of total development.

This data indicates that regional town centres have been growing because the populations in their trading areas have been growing, not because they are deflecting development away from Vancouver or "stealing" development potential from neighbouring municipalities.

In other words, regional town centres are logical places to concentrate some of the development serving the growing population in the suburban areas of the GVRD.

TABLE 3: POPULATION AND COMMERCIAL FLOORSPACE TRENDS IN THE GVRD, 1980-1985

	1980		1985		1980-1985			
					Annual Growth Rates		Share of Growth	
	Population	Commercial Floorspace[1]	Population	Commercial Floorspac [1]	Population	Floorspace	Population	Floorspace
Vancouver	414,078 (36.2%)	41,325,000 (55.8%)	423,491 (34.6%)	54,566,000 (54.6%)	0.5%	5.7%	11.7%	51.2%
Six Municipalities with Regional Town Centres[2]	500,218 (43.8%)	25,385,000 (34.3%)	564,753 (46.2%)	34,924,000 (35.0%)	2.5%	6.6%	80.1%	36.9%
Other Municipalities[3]	228,834 (20.0%)	7,291,000 (9.9%)	235,432 (19.2%)	10,376,000 (10.4%)	0.6%	7.3%	8.1%	11.9%
TOTAL GVRD	1,143,130	74,001,000	1,223,676	99,866,000	1.4%	6.2%[4]	100%	100%

SOURCE: Commercial Floorspace from GVRD Development Services Commercial/Industrial Inventory and from "Real Estate Trends in Greater Vancouver" published by Greater Vancouver Real Estate Board.

Population figures from B.C. Central Statistics Bureau, Ministry of Industry and Small Business Development.

NOTES:

(1) Commercial floorspace includes retail and office.

(2) Surrey, Richmond, Coquitlam, New Westminster, Burnaby, North Vancouver City.

(3) Delta, White Rock, Port Coquitlam, Port Moody, North Vancouver District, West Vancouver.

(4) Most of this growth was office space. However, the average annual increase in retail space during 1980-1985 was 2.7%, which is still double the rate of population increase.

The main question raised by Table 3 is: why has commercial floorspace been growing so much more quickly than the population and will this trend continue?

The factors contributing to this explosion in floorspace include:

- some markets have been overbuilt, notably the Downtown office market. However, even after liberal vacancy allowances are deducted, occupied commercial floorspace has still grown faster than the population it serves.

- retailers have been staking out good locations, sometimes "leading" demand to ensure that they have a strong presence in key trade areas.

- trends in retailing and shopping, such as the shift of retail sales from department stores to specialty stores and the advent of entirely new kinds of businesses (video rentals, computer stores, fitness studios).

- growing tourist volumes.

- growth in the diversity of businesses supported by the growth and maturation of the region (i.e. decreasing dependence on larger centres for some goods and services).

- expansion of the service sector of the economy. During 1971 to 1986, total employment in the service sector in Greater Vancouver grew by about 3.7% per year (based on "Dimensions of the Greater Vancouver Economy 1986 to 1996", GVRD Development Services Department). Floorspace, therefore, should have grown by at least this amount to accommodate this expanded employment.

- during the 1970s, expansion of the resource sector of the provincial economy, which fuelled growth in the office market.

The commercial floorspace "boom" of the last decade, therefore, is largely explainable. The key question is: will it continue?

3.2 THE OUTLOOK FOR 1986 TO 1996

Many of the trends that caused rapid floorspace growth in the last decade will continue in the next one. There are several reasons, however, for expecting the rate of growth to be slower. These include:

- slower growth in the service sector of the economy. The GVRD study "Dimensions of the Greater Vancouver Economy, 1986 to 1996" anticipates service sector employment growth of approximately 2% to 3% per year during 1986 to 1996.

- slower growth in the total provincial economy.

- slower growth of the Greater Vancouver regional population (the GVRD Development Services forecast for 1986 to 1996 is only about 1% per year).

- fewer significant gaps in the retail pattern. Most of the key locations have been developed. Retail development in the next decade will consist mainly of infilling, upgrading and some expansion. Net growth will probably be smaller.

Table 4 summarizes some scenarios for retail and office growth in the GVRD during the next decade.

Scenario A is considered to be very conservative and Scenario C (for the office component) is extremely optimistic. These numbers simply illustrate what would result if the indicated assumptions prove to be true.

Scenario B is probably a reasonable estimate, for planning purposes, of the growth in occupied floorspace. This yeilds an increase of about 38,000,000 square feet of space. If the six town centres capture 15% of this growth, they will collectively absorb about 5.7 million square feet, about a 45% increase in their 1985 combined total area of 12.8 million square feet.

TABLE 4: THREE SCENARIOS FOR COMMERCIAL FLOORSPACE GROWTH IN THE GVRD TO 1996

(in millions of square feet)

	1985	1996 Scenario A		1996 Scenario B		1996 Scenario C	
		Total	Addition	Total	Addition	Total	Addition
RETAIL	54.9	60.7	5.8	76.0	21.1	73.6	18.7
OFFICE	44.9	49.7	4.8	62.2	17.3	150.5	105.6
TOTAL	99.8	110.4	10.6	138.2	38.4	224.1	124.3

Scenario A assumes that floorspace growth matches the forecasted population growth rate, which is assumed to be 0.9% per year. This is a very conservative estimate.

Scenario B assumes that floorspace growth matches growth in the service sector of the economy, which is assumed to be 3% per year.

Scenario C assumes that floorspace growth continues the growth trend of 1980 to 1985, which is about 2.7% per year for retail and 11.62% per year for office. This is a very high estimate for the office component.

4.0 COMMERCIAL DEVELOPMENT ISSUES IN THE NEXT DECADE

In addition to planning to accommodate the amount of development likely to occur in commercial centres, municipalities must deal with issues related to the type, character or impacts of commercial development.

Convenience retail plazas, megamarkets, public markets, office users who want "industrial" locations, extended shopping hours, retailers who want lots of surface parking in areas where pedestrian orientation is desired....these issues have been on the agendas of many Greater Vancouver Councils during the last few years and they are not likely to go away soon.

This section offers a quick review of commercial development trends likely to require the attention of municipal councils during the next decade.

1. Expect a continuation of the evolution in food retailing.

   The appearance of megamarkets, public markets and large numbers of convenience stores (e.g. 7-11, Mac's) are not isolated events. These developments reflect an industry adaptation to consumer preferences.

   Food shoppers in different market groups (based on age, income, family type) place varying importance on price, convenience (in terms of location and in terms of one-stop shopping), quality/freshness, personal service, and the shopping experience. The traditional supermarket (which was a revolution in its own way) cannot meet the demands of an increasingly diverse shopping public.

   Municipalities should expect that the average size of supermarkets will rise, that there will continue to be pressure to approve convenience retail plazas (the "L-shaped" ones with a food store, video rental, fast food outlet) and that developers will look for opportunities for "public market" or "festival retailing" projects.

2. Expect continued specialization.

The Richmond Automall and the Robson St. Fashion Court are two very different examples of concentrations of specialized retailers. This trend is likely to continue and may or may not match municipal objectives. The Richmond Automall aided the town centre objectives, by allowing low-density car dealers to leave the core. On the other hand, home improvement centres are examples of low density users that may want to be in high traffic locations that have been earmarked by municipalities for higher density.

3. Expect more convenience retail plazas.

These have been developing at a rapid rate, frequently on former gas station sites. The tenants often include convenience food stores, fast food and other restaurants, video rentals, hair salons and other retailers.

Even though many of the available sites have been developed, there are still many that are candidates for this type of use.

These projects are sometimes criticized because of their standardized image and their layout (e.g. surface parking in front). These features are the result of tenant preferences and investor preferences: both groups want a "predictable" product.

4. Expect continued pressure from office space users who do not want to be in a town centre.

An increasing number of businesses do not fit into "tidy" categories such as industrial or commercial. Many businesses combine retailing, wholesaling, service, warehousing/distribution, administration (office), manufacturing and/or research functions in a single location.

Many of these businesses could not function in non-ground floor space and many simply do not want to (or cannot afford to) pay town centre rents. These firms prefer other locations, sometimes in light industrial areas and sometimes in office parks.

Municipalities who try to force these businesses into their town centres (in order to support high density office development) will meet resistance and may lose some development potential to more permissive neighbours.

5. Do not expect all town centres to look like full-fledged downtowns within the decade.

The transition from suburban shopping centre to urban downtown is a gradual one, likely involving several cycles of development and redevelopment. In some instances, this transition may not happen for a long time, although this should not be construed as a failure of the town centre policy.

Each town centre has its own unique role to play in its trade area; it is important to understand this role and to work with the market, rather than trying to force it to be something it cannot.

6. Do not expect a significant deflection of office tenants from downtown to town centres.

During the next decade, the office vacancy rate (and therefore rent rates) and the availability of development sites will probably not tighten up to the point that office users will be forced out of the central business district.

Generally speaking, town centre growth will be primarily based on growth in demand in the trade area. Growth is likely to be most rapid in town centres that serve growing populations.

7. Expect slower overall rates of commercial development.

While some areas may experience increased rates of development, the overall rate is likely to be slower. This could affect municipalities who are counting on commercial development to increase their tax bases.

5.0 SUGGESTIONS FOR MUNICIPAL AND REGIONAL POLICY

Based on this brief review of commercial development trends and prospects, some suggestions for town centre policy are offered:

1. Be patient and persuasive, not coercive.

   Development occurs in locations where the needs of developers, investors, customers and local governments coincide. Creating a positive opportunity will be more effective in encouraging town centre growth than being overly restrictive in other locations, although it is important to provide consistent policy (as in Burnaby's decision to not support a "West Edmonton Mall"). Policy should be reasonable and consistent.

2. Be flexible and objectively consider the advantages and disadvantages of new development proposals.

   Because the nature of commercial development is shifting, Councils will be required to evaluate proposals that do not confirm to existing policy. It may be necessary to review these policies, if they are founded on out-of-date assumptions about commercial development and about consumer preferences.

   Councils should consider the viewpoints of retailers and shoppers as well as urban design or land use considerations.

3. Look beyond your own municipal boundaries.

   Many commercial development decisions are based more on trade area boundaries, population concentrations and transportation networks than on municipal boundaries. In evaluating commercial prospects or proposals, municipalities should consider conditions and trends in adjacent areas. This is particularly important in areas such as the North Shore, Northeast Sector, and north Delta/north Surrey where municipal boundaries do not match trade area boundaries.

   In other words, commercial development planning in the GVRD will continue to require a regional perspective.